

“It Can’t Just be Money”: Unspent ESSER III Funds in Michigan School Districts

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COVID Relief Funds in Districts: Elementary and Secondary School Emergency Relief

In the midst of the COVID-19 pandemic, K-12 schools needed direction from and support of state and federal governments to navigate the sudden transition to remote education. In response to these requests, the federal government passed laws providing funding to states for distribution to public school districts. The most substantial aid provided to schools through the pandemic relief funding was through three installments of the *Elementary and Secondary School Emergency Relief* grants.

These grants were:

- the largest one-time federal investment in K-12 education
- distributive based on districts’ 2019-2020 Title I formulas
- considered very flexible in allowable uses
- “use it or lose it” (anything unspent is returned to the federal government)



\$5.7 billion
statewide

ESSER I: CARES Act, March 2020-Sept. 2022

Michigan Allocation: **\$389,796,984**

ESSER II: CRRSA Act, Dec. 2020 – Sept. 2023

Michigan Allocation: **\$1,656,308,286**

ESSER III: ARP Act, March 2021 – Sept, 2024

Michigan Allocation: **\$3,722,478,258**

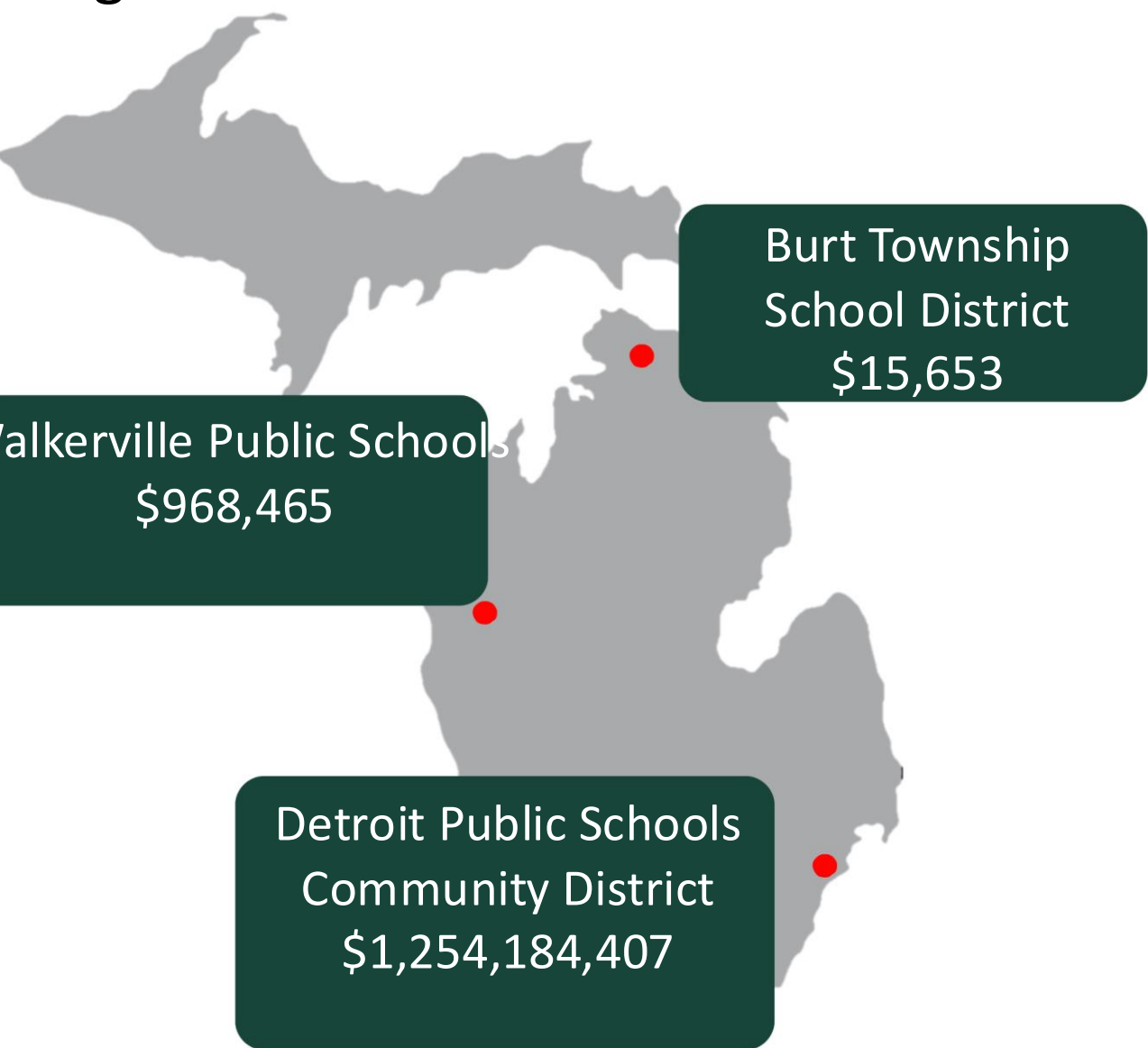
Methods

Quantitative:

- Student & staffing data (MI School Data)
- ESSER data (Georgetown)
- Excel and Stata were used for analysis

Qualitative:

- Interview excerpts from the Office of K-12 Outreach’s ‘24-’25 MAPPR grant



Analysis and Findings

Administrative Capacity

Local Context Knowledge

Collaboration in Network

Grant Management Experience

Spending Categories:

Salaries and Benefits

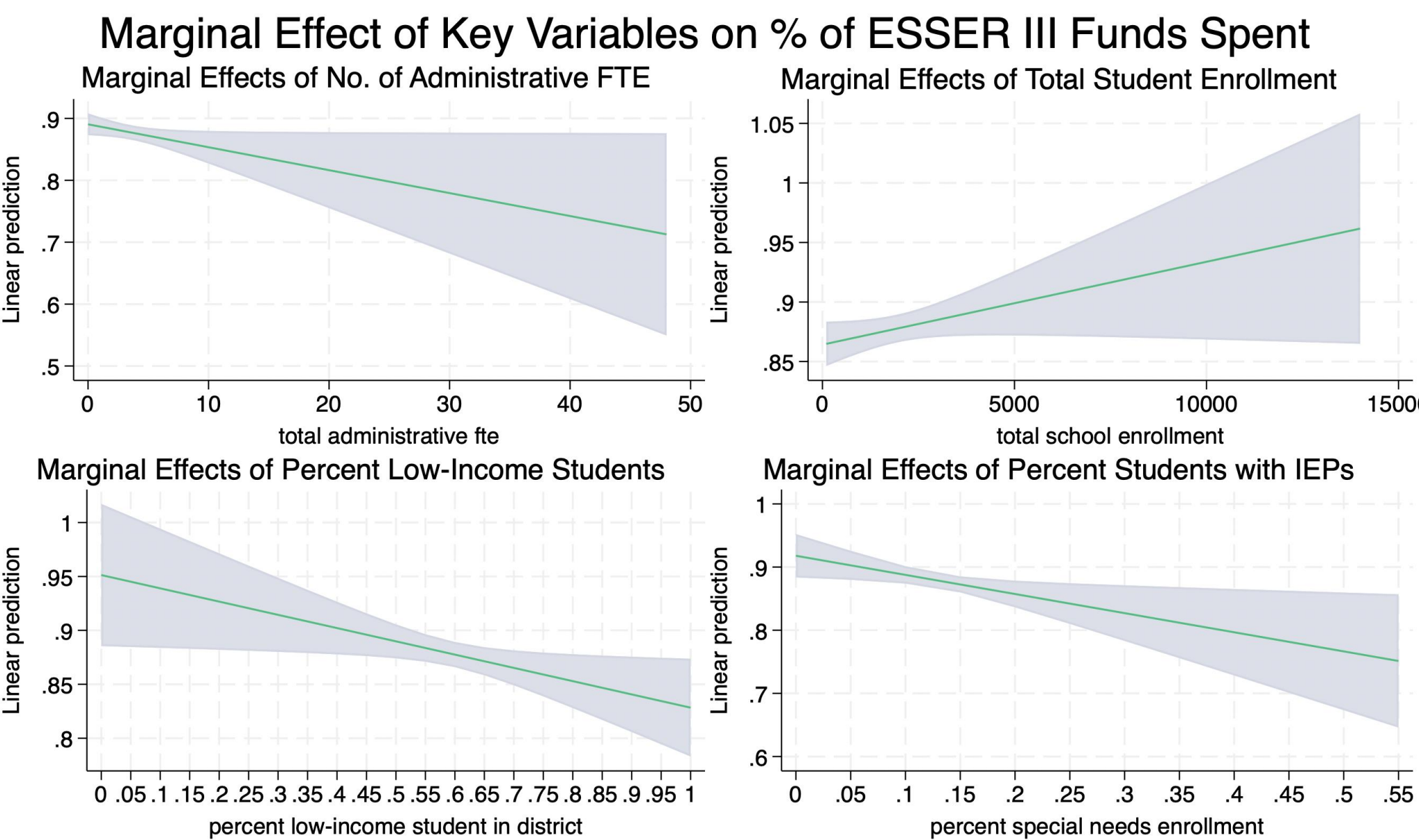
Purchased Services

Supplies and Materials

Capital Outlay

Other

Findings:



Increasing by....



10 District Administrator FTE



1000 enrolled students



50% students from low-income families



10% students with an IEP

...is associated with:

4% less of ESSER III spent

.7% more of ESSER III spent

6.2% less of ESSER III spent

3% less of ESSER III spent

Based on this model, schools with...

- a higher need student population
- administrative bloat
- declining or low enrollment

...may have struggled to outlay their funds by the deadline

Why this matters...

- learning loss
- health and safety
- financial sustainability

In other words, **these funds may have perpetuated inequitable educational experiences** for Michigan students

What Administration is Saying:

Superintendent Quotes



“No one had worked with funding like this before... [spending] had to be done very, very quickly with lots of decision-making and sometimes the guidance was complicated at best, so **the more heads in the room the better.**”

“We just did this cutting activity. Now we need to do an intentional spending activity. What does that look like? And **how do we use it to create systems that will be sustainable**, not bandages for the temporary?”



“I think it was the time schedule made everything very tricky. So, we are very process-driven and **trying to work quickly in crisis mode to come up with a good process was complicated.**”

Lessons Learned from ESSER

Outside of preventing learning loss and keeping students safe, different stakeholders in education had different ideas of what a “successful” use of ESSER money was:



“Districts should spend all their money by the spending deadline.”



“Districts should spend money conservatively to avoid auditing issues down the line.”



“Districts should spend on whatever is most sustainable while they have the money.”

ESSER funds needed alignment across all levels!
In one word, what should be prioritized next time?



Time – it takes time to spend money well



Guidance – districts need consistent communication to reduce the burden of research



Leadership – too many veto players is bad for efficient decision making

References and Acknowledgements

- Economics Lab at Georgetown. (August 2024). *Michigan ESSER Expenditure Dashboard*
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All Federal K-12 Spending 2019-2023

\$261 billion

ESSER I, II, & III

\$189 billion

ESSER I, II, and III was about 75% as large as all federal K-12 funding over 2019-2023.

Districts had Trouble Spending all their ESSER III Funding

Despite the perceived flexibility and demonstrated need in school districts, some districts still had millions of dollars unspent just one month prior to the spending deadline.

While districts initially had the option to request a reimbursement extension until January 2026, this extension was abruptly discontinued on March 28th, 2025, under the new Secretary of Education.

Amount of Unspent ESSER III Funds in Select Michigan Districts

